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SUBJECT: GEEKS AND GEEZERS: MOROCCO'S GENERATIONAL DIVIDE

Classified By: ECONOMIC COUNSELOR MICHAEL KOPLOVSKY FOR REASONS 1.4 B & 1D.

¶1. (C) SUMMARY: A new generation of Moroccan leaders is emerging, characterized by their formative Anglo-Saxon experiences, entrepreneurial and pro-American outlook, high levels of education and technical skills, and strong, well-informed political opinions. They are eager, even impatient, to both succeed and make a contribution to Moroccan society. Their dreams and ambitions are now running head-first into the entrenched interests of Morocco's older, more established generation, the self-defined business and government elites. Post believes U.S. assistance programs should be focused to provide younger, reform-oriented Moroccans with venues and outlets for their energies. Beyond macro-level support for overall economic reform efforts and job creation, Post believes the USG should reach out to the younger generation through the creation of alternative fora and associations, enhancing access to alternative media, and expanding exchange programs. END SUMMARY.

¶2. (U) This cable is based loosely on the book "Geeks and Geezers," by Warren G. Bennis and Robert J. Thomas (Harvard Business School Press, 2002). Bennis and Thomas analyzed shared and divergent values and traits among leaders in America over two distinct generations. This cable applies that analytical process to Moroccan society, with a particular focus on economic and business leaders. This analysis is based largely upon anecdotal evidence, drawn from discussions and meetings with Moroccans over the past two years.

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The Geezers  
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¶3. (C) Morocco's older generation (50 years plus) of elites is characterized by palace connections, French education, big-business interests, and a conservative outlook. On issues of reform, they prefer a gradualist approach and to work within the system (a closed-door process). Geezers control much of Morocco's key industries, including banking and financial services, telecommunications, mining, and agribusiness. These men were born under French colonialism and came of age during the long reign of Hassan II, accumulating their assets, status, and influence in that era. Consequently, they are defined by entrenched interests and believe in preservation of the status quo. At best, their outlook and mentality helps ensure stability and continuity. At worst, they often display a frustrating lack of initiative, bureaucratic inertia, and outright resistance to reform efforts or even newer ways of doing things. Many of the Geezers entered government and now occupy positions at the subministerial level and above. Often, they move between the private sector and government in a revolving-door process best described as "cozy." Prominent Geezers include:

-- Mourad Cherif, early sixties, Chairman of the state-owned firm OCP, former Chairman of the state firm ONA, and a former Minister of numerous Ministries including Housing and Employment, Foreign Trade and Investments, and Finance.

-- Mohammed Karim Lamrani, mid-80s, Chairman of Sfipar Holding, former Prime Minister and King's Counselor.

¶4. (C) However, the characteristics of this generation are best embodied by 74 year old Othman Benjelloun, Director General of BMCE bank and chairman of other financial and insurance sector concerns. Benjelloun is one of the smartest businessmen in Morocco; in fact, contacts claim he "could make money regardless of the business environment." There is in fact a widespread perception in Morocco that he prefers to keep the economy restricted so he can boost his own profits. Many believed that he was the force behind attempts to keep the Moroccan insurance sector closed to U.S. companies. When laws liberalizing the sector were being debated in parliament (and foreign firms still not allowed to own majority stakes in insurance companies), Benjelloun bought up most of the smaller firms, leading to his current dominant market share. One he gained control, Benjelloun advocated for liberalization of the sector, with the suspicion that he wanted to cash out by selling to a large foreign company. Benjelloun was also behind the now defunct

U.S.-Morocco Council on Trade and Investment, to which he contributed large amounts of his own money (some estimates were as high as USD two million). Many in the business community believed he used the Council (which helped identify investment opportunities for U.S. companies) to funnel projects to his own bank.

15. (C) Brahim Zniber (another prominent Geezer), is the mid-sixties patriarch of a family business that runs Celier de Meknes (arguably the best quality wine in Morocco). In addition to his state-of-the art vineyard, Zniber also has business interests in bottling, textiles, agriculture, banking, and insurance. This Geezer has long been a good contact of Post and favorably disposed towards the United States, hosting several U.S. Ambassadors at his winery and sending his children to U.S. schools. It thus came as a surprise to many during the FTA negotiations when he published an editorial in the leading business newspaper, L'Economiste, arguing against concluding the agreement. However, the substance of the editorial revealed much about his generation's outlook: while claiming that the agreement would benefit him personally, he advocated a conservative, cautious approach and criticized the speed of the negotiations and the proposed tariff reduction timelines. He argued that Morocco was not ready for an FTA and held out the possibility for such an agreement in the indefinite future.

16. (C) Hassan Chami, in his late sixties, is the current President of the Confederation General des Enterprises du Maroc (CGEM), the Moroccan business association. He is the former Minister of Industry and Commerce and received his under graduate degree from the prestigious French national engineering school L'Ecole Nationale Des Ponts et Chaussees," in 1961. Rare for an accomplished businessman in 2005, he speaks no English. While he has created many enterprises over his long-career, Chami's start-ups took place during a decidedly non-entrepreneurial period in Morocco. Indeed, it is through CGEM that the Geezers exercise their control over the private sector and Morocco's business community. One visitor compared a meeting with CGEM to a visit to an all-male retirement community. Because of CGEM's inertia and conservatism, the American Chamber of Commerce (AmCham) in Casablanca recently ended its collaborative relationship with CGEM, although the specific reasons for the split remain unclear. Post was exposed to CGEM's lack of progressive thinking during a trip to Marrakech by Ambassador Riley in early May. At a lunch meeting intended to investigate areas of cooperation between the Embassy and the Marrakech Chapter of CGEM on economic reform and job creation, the local officials offered up thread-worn ideas. While CGEM promised to submit a formal written recommendation for possible collaboration within one week's time, Post has yet to receive any proposal from the CGEM.

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The New Geeks  
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17. (SBU) In contrast, Morocco's Geeks (35 years and under) are characterized by U.S., Canadian, or UK educations, entrepreneurship efforts, and a progressive, modern outlook bordering on impatience. Unlike the Geezers, the ranks of the Geeks contain a fair number of women. They are extremely well read and informed on international issues. With Moroccan press somewhat limited in scope and quality, this generation has turned to the international press, which they devour, particularly through the internet. As a result, they are highly political and opinionated. Another defining characteristic of this generation is that they have generally eschewed Government service. While some Geeks are playing an influential role in the GOM at the working-level (such as Houdda Marrakchi on Minister-Delegate for Foreign Affairs Fassi Fihri's staff and Aziz Bouzaoui of the Office Marocain de la Propriete Industrielle et Commerciale), the majority of the younger generation have opted for private sector careers. They view business as more dynamic and the venue through which they can have the greatest impact.

18. (SBU) While they have intensely strong (and overwhelmingly negative) views on U.S. policy in the Middle East and in Iraq, they are fervently pro-American. It is an outlook based largely on their experiences in the U.S. (particularly through education or exchange programs) and on their favorably views of U.S. economic and business models, especially when contrasted with the French model that continues (through the Geezers) to dominate Moroccan society.

19. (C) One Geek, Abdelmajid Iraqui al-Housseini embodies these tendencies. In his early 30s, Iraqui received his MBA from the University of Michigan and went on to work for CMS Energy in Detroit and later to become Chief Financial Officer of CMS's Jorf Lasfar Energy Company. He is well known to Post for his active involvement in the American Chamber of Commerce and support of Free Trade Agreement (FTA) outreach activities. Iraqui once helped convince a borderline-Geezer

to attend an International Visitor (IV) program. The selected participant had balked at traveling to the U.S. in response to the visa application questions and expressed anger at some USG policies in the Middle East. The Geek encouraged the Geezer to attend, stating, "that's exactly why you should go." Iraqui also displays the fascinating social phenomenon of a Moroccan experiencing culture shock upon his return from the United States. To Embassy contacts he often bemoans the lack of initiative and drive of older Moroccan employees at Jorf Lasfar and has pushed for such initiatives as TQM and Six Sigma. During a reception on Casablanca, one Geek (who manages a call center) criticized the Administration's foreign policy in one breath, then, expressing his frustration with the business climate in Morocco said "I'd let George W. Bush run this place!"

**¶10.** (SBU) Indeed, these Geeks are often active in venues such as the American Chamber of Commerce, particularly on working groups such as AmCham's FTA Committee. While often brought into the AmCham fold by virtue of their employment or association with American firms, the Geeks stay on due to the opportunities for interaction with Americans in a forum of shared business and social values. Indeed, Geeks often comment that they feel more at home among the AmCham members than in Moroccan business associations.

**¶11.** (C) The importance of U.S. experiences to shaping this generation's world view and outlook cannot be overstated. In fact, formative U.S. experiences can even counteract previous influences. Ali Kettani is a Geek in his early 30's and is the managing director of the private equity firm Lighthouse Investments. While Lighthouse has not yet realized its lofty ambitions, Kettani has impressed with his slick, CD-ROM-based marketing campaign. Like his close friend Majid Iraqui, he is active in AmCham. While Kettani received his business education in Paris, he points to his years on Wall Street as the formative experience of his life. Kettani claims to draw more on his Wall Street years than his French management education in running his firm. Indeed, the flip side of their pro-American disposition is that these young leaders often express an underlying anti-French bias. They frequently blame Morocco's economic doldrums to an outdated French system of business that has left the country ill-equipped to face globalization. More significantly, the view the French business model and its continuing influence as one of the leading obstacles to their own economic and social advancement. Specifically, they cite the difficulties of accessing credit and financing through the banking sector and the roles that connections and influence (rather than merit and competitiveness) play in determining success in Morocco.

**¶12.** (C) These young Moroccans are also true patriots. For the first time in several generations, young Moroccans educated abroad are returning home rather than staying abroad for lucrative job offers. They have been inspired by the reform program launched by King Mohammed VI and attracted by the potential opportunities of the FTA. They often return with dreams and ambitions, with a new understanding of "what is possible," full of confidence, and armed with skills and techniques that they believe can apply to Morocco. These Geeks truly want to make a difference, contribute to Morocco, and improve their country. Unfortunately, an emerging characteristic among Geeks several years into their return to Morocco is frustration. While displaying the natural impatience that defines their generation across countries and cultures, many are growing angry that the structural reforms have not matched the rhetoric. As one Geek related to Econoff the list of reform programs and initiatives, he stressed that much of Morocco's economic life is still controlled by the elites behind closed doors and palace walls.

**¶13.** (C) When channeled in a healthy way, these frustrations have led Geeks to create alternative fora and venues for their activities, such as young entrepreneur associations and social clubs. Many Geeks in regions we have visited over the past two years participate in local Chambers of Commerce, Industry, and Services (CCIS) rather than local CGEM chapters for reasons of both conscious choice and outright exclusion by CGEM. One promising and ambitious effort is the Morocco-American Circle (MAC), an association of Moroccan and American alumni of U.S. universities. While thus far a social club, the MAC Board members have big plans to promote economic reform, civil society, and create jobs. The Board has already meet with Econoffs and USAID to discuss possible funding for their efforts. Based in Casablanca, MAC already has formalized plans for starting a chapter in Rabat.

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Tensions  
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**¶14.** (C) Relations between the generations are generally cordial as the Geeks resign themselves to expressing their frustrations to other Geeks and like-minded American

interlocutors and the Geezers assume a benevolent, patriarchal attitude toward the young upstarts. However, tensions between the two often break into open conflict as the Geeks try to show initiative and the Geezers attempt to reassert their authority and control. This Spring, a business conference (that EconCouns spoke at) jointly organized by a Fez young entrepreneurs organization and the local chapter of CGEM was derailed because of a perceived slight. The CGEM leadership objected to the use of the young entrepreneurs' logo and relative placement of CGEM's and the youth organization's names on the conference invitations and program. While the catalyst for the dispute was the seemingly trivial issue of logos, for the Geezers the initiative and independence shown by the young entrepreneurs was a direct threat to their control of Fez's business life. For the Fez Geeks, the message was clear: CGEM did not view itself as an equal partner.

**¶15. (SBU)** One possible bridge between the generations are forward looking Geezers like Saad Kettani. Kettani (late-fifties) is the chairman of Wafa Assurance and maintains board membership on the other organizations in the Wafa group of companies including credit and real estate. He was appointed by the King to lead Morocco's failed bid to host the 2010 World Cup. Kettani has impressed Post and Washington visitors with his long-range outlook, pro-U.S. disposition, and support for deep economic and political reforms. Saad Kettani's children study at U.S. universities, he is helping to create a new generation of Moroccan Geeks.

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Recommendations  
for Engagement  
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**¶16. (C)** Our interactions with Geeks in Morocco over the past two years have led to the following conclusions and recommendations:

-- Enhance Exchange Programs. Our experience with Moroccan Geeks shows that U.S. education or experience is vital and can have a profound, long-term impact on our Public Diplomacy efforts. We should look to opportunities to increase business, educational, and cultural exchanges through IV programs, university scholarships, and other means. While a long-range and relatively costly approach, Post has reaped the benefits of university scholarship programs from a generation ago. Many of the members of the GOM's Agricultural FTA negotiating team were U.S. educated, which helped facilitate at times tense and difficult discussions.

-- Streamline and Regularize Entry and Departure Procedures. At the same time, Geeks who frequently travel to the U.S. regularly complain about perceived lack of customer service at ports of entry and unclear or inconsistent arrival and departure procedures. New York's JFK Airport is a frequent target of criticism and many have taken alternative routings to avoid JFK.

-- Access to Alternative Media. Tech savvy Geeks don't just surf the web for entertainment; they use it to inform and educate themselves and establish connections. Efforts to help bridge the digital divide in Morocco could spread the benefits that the Geeks now have to a broader segment of Moroccan society. Access to alternative media goes a long way to combatting misperceptions and sharing ideas.

-- English Language Training. Moroccan Geeks speak the language, both literally in terms of English language abilities and figuratively in terms of understanding culture and applying American standards and business practices. They are comfortable in both cultures and provide an ideal bridge between the two. Like Exchange programs, today's Geeks prove the long-term benefit of English language training.

-- Creation of Alternative Fora. A Geek once told Econoff that the Geezers "couldn't die off fast enough." As entrenched interests will continue to reassert their control for the foreseeable future (particularly through exclusionary tactics), we should help create venues for the Geeks to express their views, share ideas, and network. Successful attempts will provide the younger generation with a sense that they have a voice, albeit a separate one. More importantly, when the Geeks establish organizations such as MAC on their own initiative, it is in our interest to provide them with robust support.

RILEY